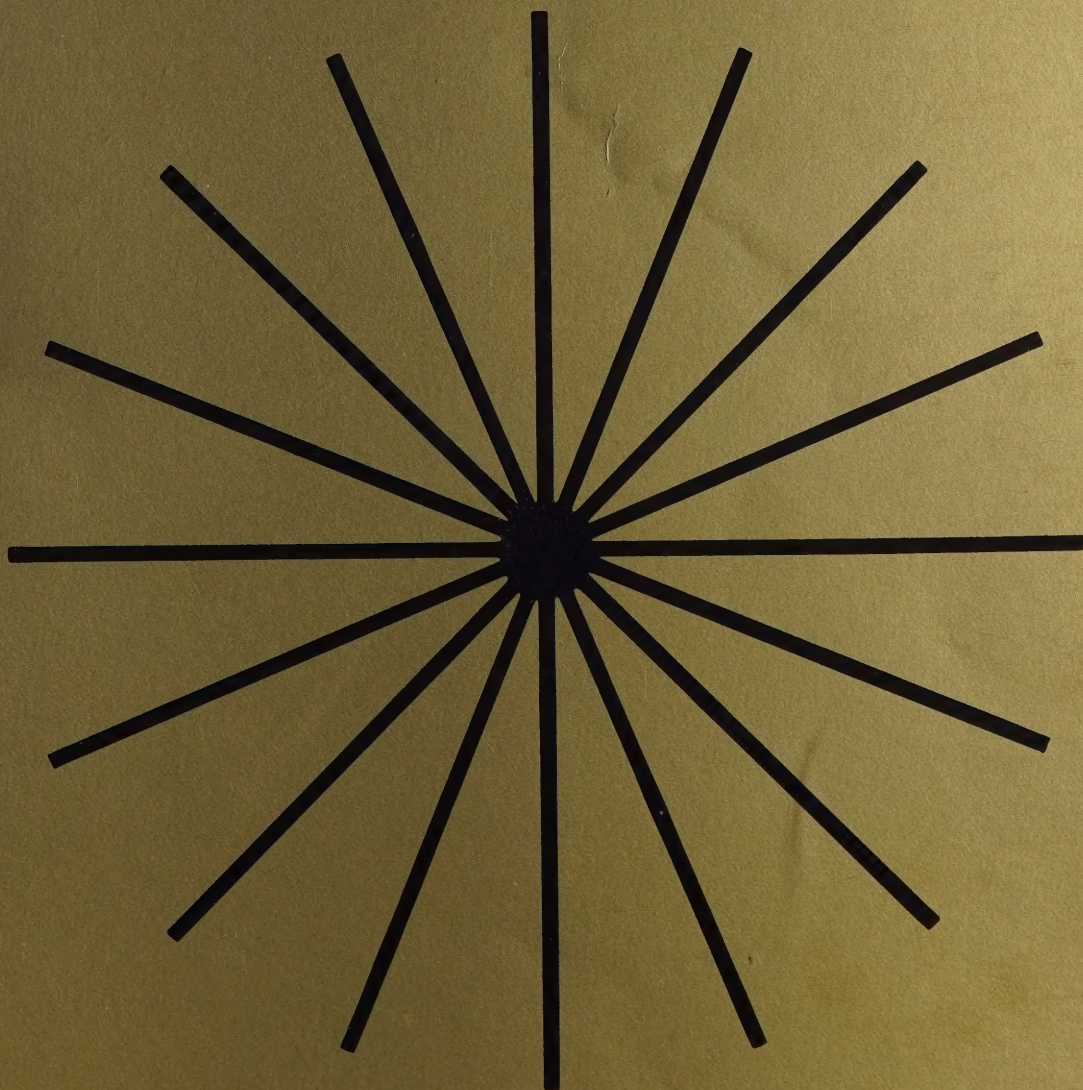


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ANNUAL
REPORT
FOR THE
TWELVE MONTHS
ENDED
JANUARY 31, 1976

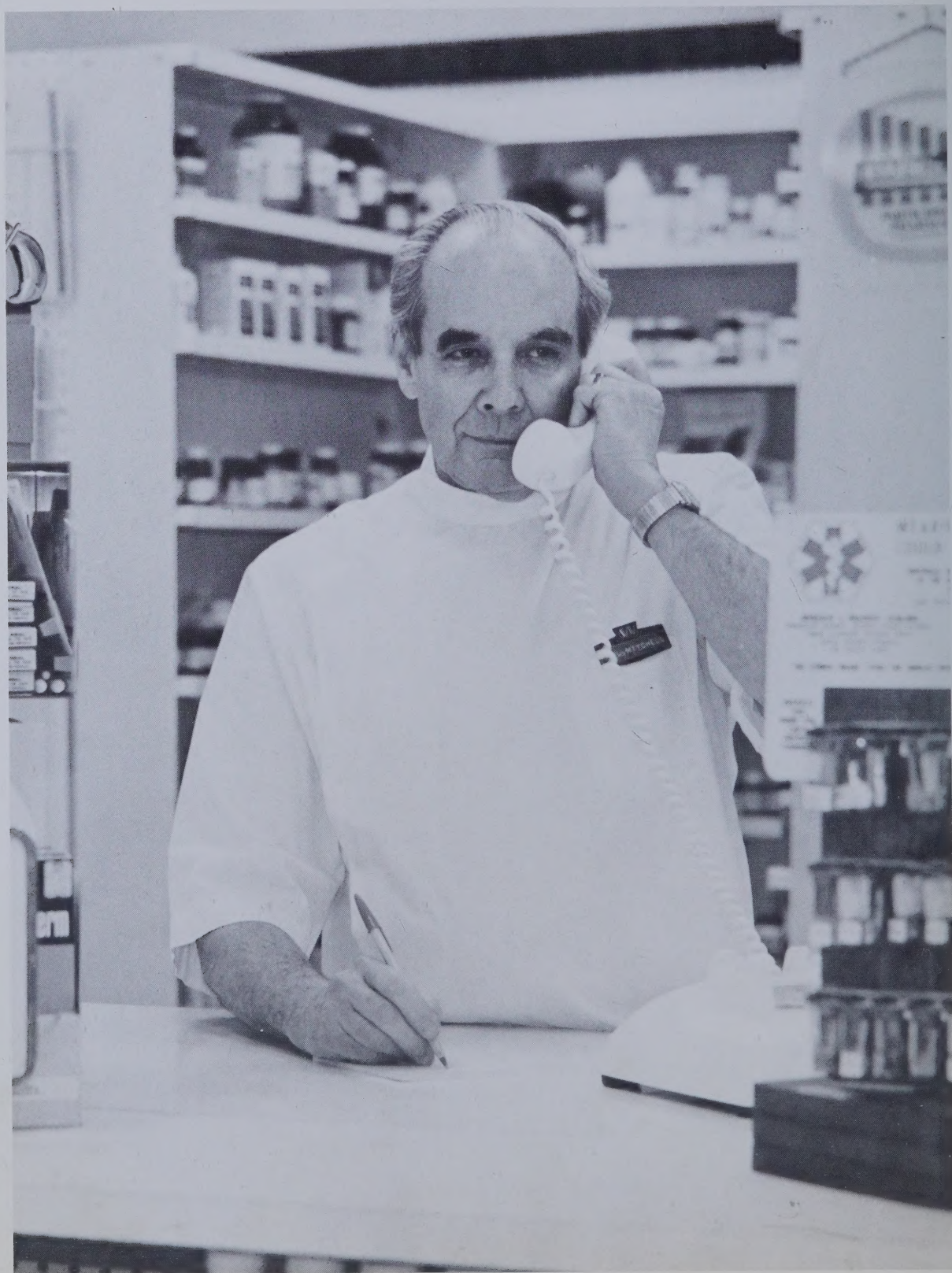
Dominion Citrus & Drugs Ltd.





Jack Austin Drugs Limited outlets are located in the Woolco Department Stores. Pictured below is one of the many new Woolco Stores designed to make shopping a pleasure. Surrounding each location are wide parking areas capable of accommodating upwards of 1500 cars.





Dominion Citrus & Drugs Ltd.

and subsidiary companies

Directors

Jack Austin
Ben Blidner
Michael Blidner
Charles A. Cadieux
Maurice Cohen
Harold Hertzman
Harry Izen
Louis Kirshenblatt
Jack M. Roth
Harold Soupcoff
Louis E. Soupcoff
Jess Zelikovitz

Officers

Michael Blidner, *President*
Jack Austin, *Vice-President*
Harold Soupcoff, *Vice-President*
Louis E. Soupcoff, *Secretary-Treasurer*

Transfer Agent and Registrar

Guaranty Trust Company of Canada
Toronto, Ontario

Auditors

Starkman, Kraft, Rothman, Berger & Grill
Toronto, Ontario

Bankers

Canadian Imperial Bank of Commerce
Toronto, Ontario
Toronto-Dominion Bank
Toronto, Ontario

Head Office

Ontario Food Terminal
The Queensway
Toronto, Ontario
M8Y 1H8

Listed

The Toronto Stock Exchange

Dominion Citrus & Drugs Ltd.

and subsidiary companies

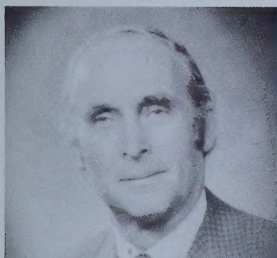
FINANCIAL RECORD AND HIGHLIGHTS

	Years Ended				
	January 31			December 31	
	1976	1975	1974	1972	1971
Sales					
Drug Division	\$42,248,875	\$34,220,663	\$28,547,157	\$21,981,887	\$17,098,539
Produce Division	25,025,214	22,466,339	18,936,728	16,114,308	13,921,907
	\$67,274,089	\$56,687,002	\$47,483,885	\$38,096,195	\$31,020,446
Net Earnings					
Drug Division	751,914	536,827	440,266	339,402	305,376
Produce Division	464,804	497,471	422,805	352,622	303,717
	1,216,718	1,034,298	863,071	692,024	609,093
— per share	1.43	1.20	.99	.80	.71
Dividends paid	200,195	200,529	205,512	204,725	—
— per share	.24	.24	.24	.24	—
Shareholders' Equity	5,283,268	4,412,649	3,698,667	2,996,345	2,464,751
— per share (3)	6.47	5.18	4.23	3.43	2.85
Average Number of Shares Outstanding	849,250	860,312	873,370	869,037	859,500
Number of Outlets Operated and Serviced					
Woolco Department Stores	70	63	60	49	40
Woolworth Department Stores	8	8	8	8	7
	78	71	68	57	47

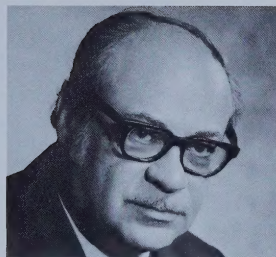
Note 1 — The companies changed their fiscal year-ends from December 31 to January 31 commencing January 31, 1973. For the month of January, 1973, the consolidated sales were \$3,241,031 and consolidated net earnings were \$41,613 (4.8¢ per share). Comparative figures for the month of January, 1972 are not available.

Note 2 — The Financial Record prior to 1976 has been changed to include sales of all serviced stores in order to provide for total sales under administration of the Drug Division.

Note 3 — Based on net shares outstanding at end of year.



Michael Blidner



Jack Austin

Dear Shareholder:

We are pleased to report that 1975 was a most productive year for your company.

The Drug Division Sales were in excess of \$42,000,000. Consumer acceptance for an increasingly wide variety of products marketed under the Woolco label across Canada has been excellent, and has resulted in increased volume. Provincial government and private prepaid prescription plans have become a significant factor in the operation of our pharmacies. Your company has embarked on an intensive computerized program in this area. This will permit us to more efficiently handle the steadily increasing volume of prescriptions, and will give us the opportunity to provide the consumer with better service. By the end of this year your company will have 84 retail outlets in Woolco and Woolworth Department Stores.

Nutritionists have given recognition to the fact that there are no better foods for health than fresh fruits and vegetables. More and more parents are serving their children fresh vegetables such as cauliflower, broccoli, celery and carrots. Oranges, apples, pears, grapes, murrains and tangerines are taking the place of sweets at snacktime.

At the Ontario Food Terminal refrigerated trucks are replacing railroad cars as a means of transportation. This results once again in fresher merchandise. Celery, green onions, broccoli and peppers picked on Saturday are being offered to the consumer at the retail level on Wednesday. California is only three days away by truck. Sales of \$25,000,000 attest to the fact that your company is one of the largest independent distributors in the wholesale produce industry.

Dominion Farm Produce, a wholly owned subsidiary, situated in the heartland of the Holland Marsh in Bradford, is fully automated. Carrots are washed and packaged, and the lowly onion is brushed and polished; with the result that they have both found their way in see-through bags to the top of the display counters alongside other fruits and vegetables.

Effective October 31, 1975, the company purchased the remaining participating shares of Skrow's Produce (1971) Limited. Sales of this division to restaurants and institutions have more than quadrupled since Skrow's became a subsidiary of your company.

Your directors have approved an increase in the July 15th dividends on the Class A shares to 15 cents per share from 12 cents, payable to shareholders of record June 28th, 1976. Your company pays dividends semi-annually.

Much of the credit for our performance belongs to our employees who have contributed both interest and hard work to the activities of your company. We intend to continue to give high priority to this element of our business, especially with regard to communications, training and participation.

Yours truly,

A handwritten signature in cursive script, reading "M. Blidner".

M. BLIDNER, President

A handwritten signature in cursive script, reading "J. Austin".

J. AUSTIN, Vice President

The Toronto wholesale in the horse and buggy era. This picture was taken in 1910.



The Colborne Street market which operated during the winter months. Operations were moved to the site of the old Union Station for the summer. The O'Keefe Centre is now located on these premises.





The modern Ontario Food Terminal was opened in 1954 and is the center of operations for the wholesale distribution of fresh fruits and vegetables for the Province of Ontario.

Dominion Citrus & Drugs Ltd.

and subsidiary companies

CONSOLIDATED BALANCE SHEET

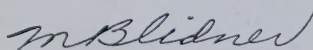
as at January 31, 1976

ASSETS

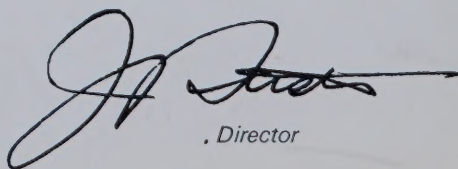
	1976	1975
Current Assets		
Cash	\$ 126,977	\$ 103,576
Marketable securities, at cost (quoted market value of \$86,275; 1975 – \$70,280)	90,867	74,515
Accounts receivable	3,720,456	2,697,178
Merchandise inventory, at lower of cost and net realizable value – retail stores	9,107,790	7,481,789
– warehouses	1,953,693	1,856,073
Prepaid expenses	56,689	55,006
	<u>15,056,472</u>	<u>12,268,137</u>
Fixed Assets, at cost		
Land	32,199	32,199
Building	241,729	241,729
Plant and equipment	575,738	473,669
Mobile equipment	674,663	566,298
Leasehold improvements	147,117	147,117
	<u>1,671,446</u>	<u>1,461,012</u>
Less: Accumulated depreciation and amortization	806,004	681,557
	<u>865,442</u>	<u>779,455</u>
Other assets, at cost		
Goodwill (Note 2)	240,280	171,000
	<u>\$16,162,194</u>	<u>\$13,218,592</u>

See accompanying notes.

Approved on behalf of the Board:



, Director



, Director

LIABILITIES

	1976	1975
Current		
Bank indebtedness (Note 4)	\$ 1,236,345	\$ 2,128,877
Accounts payable	9,256,727	6,360,795
Income taxes payable	135,873	121,288
Due re purchase of Skrow's Produce (1971) Limited (Note 3)	179,799	—
	<u>10,808,744</u>	<u>8,610,960</u>
Deferred income taxes	<u>70,182</u>	<u>18,288</u>
Minority interest in consolidated subsidiary company	<u>—</u>	<u>176,695</u>
Shareholders' Equity		
Capital (Note 10)		
Authorized		
1,540,000 shares without par value		
Issued and fully paid		
873,750 shares	216,070	216,070
Retained earnings	<u>5,332,888</u>	<u>4,316,366</u>
	<u>5,548,958</u>	<u>4,532,436</u>
<i>Less: 57,500 shares acquired and held for future disposition, at cost</i>	<u>265,690</u>	<u>119,787</u>
	<u>5,283,268</u>	<u>4,412,649</u>
	<u>\$16,162,194</u>	<u>\$13,218,592</u>

See accompanying notes.

Dominion Citrus & Drugs Ltd.

and subsidiary companies

CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS

for the year ended January 31, 1976

	1976	1975
Sales	\$67,274,089	\$56,687,002
Earnings before the following items	2,501,251	2,240,299
Depreciation and amortization	234,464	179,106
Earnings before income taxes	2,266,787	2,061,193
Income taxes	1,024,935	988,766
Earnings before minority interest	1,241,852	1,072,427
Minority interest in net earnings of subsidiary company (Note 3)	25,135	38,129
Net earnings for year	1,216,717	1,034,298
Retained earnings – beginning of year	4,316,366	3,482,597
	5,533,083	4,516,895
Dividends (Note 10)	200,195	200,529
Retained earnings – end of year	\$ 5,332,888	\$ 4,316,366
Earnings per share (Note 9)	\$1.43	\$1.20
Average number of shares outstanding	849,250	860,312

See accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

for the year ended January 31, 1976

	1976	1975
Source of funds		
Operations :		
Net earnings for year	\$ 1,216,717	\$ 1,034,298
Items not requiring a current outlay of funds :		
Depreciation and amortization	234,464	179,106
Deferred income taxes	51,894	14,720
	1,503,075	1,228,124
Minority interest in subsidiary company (Note 3)	(176,695)	21,019
Working capital provided from operations	1,326,380	1,249,143
Application of funds		
Purchase of prescription list	86,600	—
Purchase of fixed assets	303,131	304,446
Dividends (Note 10)	200,195	200,529
Acquisition of issued shares of company (Note 10)	145,903	119,787
	735,829	624,762
Increase in working capital	590,551	624,381
Working capital — beginning of year	3,657,177	3,032,796
Working capital — end of year	\$ 4,247,728	\$ 3,657,177

See accompanying notes.

AUDITORS' REPORT

To the Shareholders of
Dominion Citrus & Drugs Ltd.

We have examined the consolidated balance sheet of Dominion Citrus & Drugs Ltd. and its subsidiary companies as at January 31, 1976 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at January 31, 1976 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
April 19, 1976

Starkman, Kraft, Rothman, Berger & Grill
Chartered Accountants

Dominion Citrus & Drugs Ltd.

and subsidiary companies

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 1976

1. Summary of Significant Accounting Policies

- (a) The consolidated financial statements include the accounts of:

PRODUCE DIVISION

Dominion Citrus & Drugs Ltd.
Dominion Farm Produce Limited
Skrow's Produce (1971) Ltd. (Note 3)
Country Fresh Packaging Company

DRUG DIVISION

Jack Austin Drugs Limited
Fern Distributors (Division of Jack Austin Drugs Limited)
Jack Austin Pharmacy (Alberta) Limited
Jack Austin Pharmacy (Saskatchewan) Limited
Jack Austin Drugs (B.C.) Ltd. (Formerly Cumberland Drugs Limited)

As of January 31, 1976 the drug division operated or serviced 70 outlets in Woolco Department Stores and 8 outlets in Woolworth Department Stores. One Woolco outlet, formerly operated by the drug division is now being serviced. The sales for the drug division now include sales of both operated and serviced outlets to show total sales under administration of the drug division. The sales figures for 1975 have been restated to reflect the aforementioned change.

- (b) Depreciation and Amortization of Fixed Assets
- | | |
|--------------------------------|------------------------------------|
| Mobile equipment | — 30% on diminishing balance basis |
| Building | — 5% on diminishing balance basis |
| Warehouse and office equipment | — 20% on diminishing balance basis |
| Leasehold improvements | — Over terms of leases |

- (c) Deferred Income Taxes

Deferred income taxes are a result of claiming capital cost allowances for tax purposes in excess of depreciation and amortization recorded in the accounts.

2. Goodwill and Intangible Assets

Goodwill is comprised as follows:

Goodwill of Skrow's Produce (1971) Ltd.	\$165,000
Excess of cost of investment in Jack Austin Drugs (B.C.) Ltd. over book value of net assets acquired	6,000
Prescription list, at unamortized cost	69,280
	<u>\$240,280</u>

The company's policy is not to amortize the existing goodwill unless its value is impaired. In conformity with recommendations of the Canadian Institute of Chartered Accountants future goodwill acquired will be amortized over the estimated life of such goodwill, not to exceed forty years. The prescription list, acquired in 1976, is being amortized over five years, but has been written off for tax purposes.

3. Acquisition of Skrow's Produce (1971) Limited

Effective October 31, 1975, the company is to purchase the remaining participating shares of Skrow's Produce (1971) Limited. Consolidated earnings for the year include 50% of their earnings until October 31, 1975 and 100% thereafter.

4. Bank Indebtedness

The bank indebtedness is secured by marketable securities and a general assignment of book debts.

5. Commitments

- (a) Under license agreements expiring from 1976 to 1983, the minimum total annual rentals payable by the drug division amounts to approximately \$2,770,000 including certain occupancy costs but exclusive of additional rent payable based on a percentage of gross sales.
- (b) Under a lease expiring in 1988, the minimum annual rental payable by Jack Austin Drugs Limited for head office and warehouse facilities amounts to \$24,400 excluding certain occupancy costs.

The drug division is currently in the process of negotiating for the purchase of land to construct a new head office. Estimated cost of the project is

expected to be approximately \$1,000,000. The drug division intends to finance the bulk of the cost of this project by means of a conventional mortgage. The drug division is also in the process of acquiring or leasing new computer equipment with an approximate value of \$500,000.

Annual rent of \$13,650 is payable for warehouse and office premises in the Ontario Food Terminal Building under a lease expiring on June 30, 1984.

- (c) Subsequent events include the opening of new drug stores which are in the normal course of business. It is management policy to write off the cost of new store openings in the year incurred.

6. Contingent Liabilities

The company is contingently liable for guarantees of leases of other companies expiring from 1981 to 1983 at total annual rentals of approximately \$40,500 excluding certain occupancy costs.

7. Employees' Stock Option Plan

The company has reserved 14,950 shares for issue under its Employees' Stock Option Plan.

The following is a summary of changes in the options outstanding during the year.

	Outstanding February 1, 1975	Granted During Year	Cancelled During Year	Outstanding January 31, 1976
\$6.50 per share, expiring in 1976	6,000	—	4,400	1,600
\$6.50 per share, expiring in 1977	1,000	—	—	1,000
\$6.75 per share, expiring in 1978	2,000	—	500	1,500
\$7.00 per share, expiring in 1979	2,000	—	—	2,000
\$5.00 per share, expiring in 1981 and exercisable as to 8,560 shares per year on a cumulative basis, commencing January 31, 1976	42,800	1,000	3,000	40,800
	<u>53,800</u>	<u>1,000</u>	<u>7,900</u>	<u>46,900</u>

8. Directors' and Senior Officers' Remuneration

Total remuneration paid or payable during the period to directors and senior officers as defined by The Business Corporations Act, 1970 (Ontario) amounted to \$399,070 (1975 — \$361,317).

9. Fully Diluted Earnings Per Share

Adjusting for employees' stock options has no material effect on the earnings per share figures.

10. Capital Stock and Dividends

The company has obtained a Certificate of Amendment of Articles reclassifying its 1,500,000 common shares into 1,500,000 Class "A" Special Shares, which are inter-convertible into Class "B" Special Shares on a one for one basis. Both classes of shares are identical except that the holders of the Class "B" shares may receive tax-deferred dividends. In addition, the authorized capital was increased by creating 40,000 common shares without par value.

Following the reclassification, the company declared an ordinary taxable dividend of 12¢ per share on the

Class "A" shares and a tax-deferred dividend of 10.2¢ per share on the Class "B" shares to shareholders of record July 24, 1975 payable July 31, 1975. In addition, the company also declared further dividends in the same amounts on the Class "A" shares and Class "B" shares to shareholders of record December 31, 1975 payable January 15, 1976.

As of January 31, 1976 there were issued and outstanding 498,033 Class "A" shares and 375,717 Class "B" shares.

During the year, the company acquired an additional 36,000 shares of its own capital stock for \$145,903.

11. Anti-Inflation Legislation

The company and its subsidiaries are subject to the anti-inflation legislation recently enacted in Canada with effect from October 14, 1975 which provides for restraint of prices, profit margins, dividends and employee compensation. The legislation is supported by complex regulations, the full impact of which cannot be determined at this time.

Some interior views of the drug operations
in the Woolco and Woolworth stores





PRESCRIPTION

DRUGS

UNITS & TAC

SPORTS



Dominion Citrus & Drugs Ltd.

and subsidiary companies

Ontario Stores (Woolco)

St. George Road and Highway 24,
Brantford, Ontario

Hamilton Mountain Shopping Centre,
Upper James and Fennell Streets,
Hamilton, Ontario

New Sudbury Shopping Centre,
Barrydowne and LaSalle Boulevard,
Sudbury, Ontario

Gateway Shopping Plaza,
Dougall Road,
Windsor, Ontario

345 Queen Street East,
Sault Ste. Marie, Ontario

Argyle Shopping Mall,
1925 Dundas Street East,
London, Ontario

Agincourt Shopping Mall,
3850 Sheppard Avenue East,
Agincourt, Ontario

2295 Sheppard Avenue West,
Weston, Ontario

Fairview Park Shopping Centre,
Kitchener, Ontario

Frontenac Mall Shopping Centre,
R.R. # 7 Kingston, Ontario

1950 Lauzon Road,
Windsor, Ontario

Brookdale Avenue and 7th Street,
Cornwall, Ontario

Lincoln Mall Shopping Centre,
549 Welland Avenue,
St. Catharines, Ontario

Crossroads Shopping Centre,
Highway # 2 and Thickson Road,
Whitby, Ontario

Lambton Mall Shopping Centre,
London Road,
Sarnia Township, Ontario

North Park Shopping Centre,
1305 Lawrence Avenue West,
Toronto, Ontario

Oakridge Mall,
1201 Oxford Street West,
London, Ontario

White Oaks Mall,
1105 Wellington Road South,
London, Ontario

Grey County Mall Shopping Centre,
Highway # 21,
Owen Sound, Ontario

Lincoln Fields Shopping Centre,
1350 Richmond Road,
Ottawa, Ontario

Eastgate Mall,
75 Centennial Parkway,
Stoney Creek, Ontario

1000 Island Mall,
Parkdale Ave. & Windsor Drive,
Brockville, Ontario

Square One Shopping Centre,
100 City Centre Drive,
Mississauga, Ontario

Honeydale Mall,
5555K Dundas Street West,
Etobicoke, Ontario

Blandford Square Shopping Centre,
Highway # 2, Innerkip Road,
Woodstock, Ontario

Chatham Place,
801 St. Clair Street Extension,
Chatham, Ontario

Dufferin Mall,
900 Dufferin Street,
Toronto, Ontario

Seaway Mall,
880 Niagara Street,
Welland, Ontario

Ontario Stores (Woolworth)

25 - 1st Street,
Collingwood, Ontario

80 - 96 Main Street,
Galt, Ontario

Mississauga and Andrew Streets,
Orillia, Ontario

56 - 76 Bayfield Street,
Barrie, Ontario

173 - 81 Colborne Street,
Brantford, Ontario

180 Prince Street,
Pembroke, Ontario

Quebec Stores (Woolco)

Granby Plaza,
Granby, Quebec

Taschereau Shopping Centre,
Brossard, Quebec

20 East Trans-Canada Road,
Levis, Quebec

LeCavalier Shopping Centre,
LaSalle, Quebec

Rock Forest Shopping Centre,
Rock Forest (Sherbrooke), Quebec

1660 LeCorbusier Boulevard,
Laval (Montreal), Quebec

Kirkland Plaza,
Kirkland, Quebec

Centre Langelier,
St. Leonard, Quebec

Centre St. Anne,
Giffard, Quebec

Centre De'Achats Centreville,
Longueuil (Met.), Quebec

Trois Rivières Shopping Centre,
Trois Rivières, Quebec

LeGalerie Du Cap and Barkoff Street,
Cap-de-Madeleine, Quebec

Tracy Plaza,
Tracy, Quebec

Les Galeries Drummond,
Drummondville, Quebec

Centre Valleyfield,
Valleyfield, Quebec

Le Bazar Shopping Centre,
Ville St. Laurent, Quebec

Les Galeries Richelieu,
St. Jean, Quebec

Place Du Royaume Shopping Centre,
Chicoutimi, Quebec

Centre Regional Manicovagan,
Baie Comeau, Quebec

Les Galeries Rive Nord,
100 Brien Blvd.,
Repentigny, Quebec

Place Rosemere,
401 Labelle Blvd.,
Rosemere, Quebec

Les Galeries Joliette Shopping Centre,
Firestone Boulevard,
Joliette, Quebec

Les Galeries Jonquiere Shopping Centre,
Range St. Francois & DuCentenaire Blvd.,
Jonquiere, Quebec

Saskatchewan Stores (Woolco)

353 North Albert Street,
Regina, Saskatchewan

South Hill Shoppers Mall,
299 - 2nd Avenue West,
Prince Albert, Saskatchewan

Towne & Country Mall,
1235 Main Street North,
Moose Jaw, Saskatchewan

300 Confederation Park,
Saskatoon, Saskatchewan

Southland Mall Shopping Centre,
2715 Gordon Road,
Regina, Saskatchewan

Manitoba Stores (Woolco)

Crossroads Shopping Centre,
1580 Regent Avenue West,
Transcona, Manitoba

Grant Park Plaza,
1080 Grant Avenue,
Winnipeg, Manitoba

Brandon Shoppers Mall,
1440 - 18th Street,
Brandon, Manitoba

Unicity Mall,
3605 Portage Avenue & Knox Street,
Winnipeg, Manitoba

Manitoba Store (Woolworth)

City Centre Mall,
Mystery Lake Road and Thompson Drive,
Thompson, Manitoba

Alberta Stores (Woolco)

37th Street and 12th Avenue, S.W.,
Calgary, Alberta

1 Capilano Shopping Mall,
98th Avenue and Terrace Road,
Edmonton, Alberta

MacLeod Mall Shopping Centre,
9650 MacLeod Trail,
Calgary, Alberta

Parkland Mall Shopping Centre,
6375 - 50th Avenue,
Red Deer, Alberta

Centennial Village Shopping Centre,
170th Street and Stoney Plain Road,
Edmonton, Alberta

College Mall Shopping Centre,
Mayor Magrath Drive and 20th Avenue,
Lethbridge, Alberta

Marlborough Mall,
3835 Memorial Drive N.E.,
Calgary, Alberta

Northland Village Shopping Centre,
5111 - 37th Street N.W.,
Calgary, Alberta

Londonderry Mall,
137th Avenue & 66th Street,
Edmonton, Alberta

Alberta Store (Woolworth)

450 - 3rd Street, S.E.,
Medicine Hat, Alberta

British Columbia Store (Woolco)

Pine Centre Shopping Mall,
2999 Massey Drive,
Prince George, British Columbia

